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SUBJECT: RUDD EIGHT DAYS FROM A LIKELY ELECTION VICTORY

REF: A) CANBERRA 1632 B) CANBERRA 1642

Classified By: Deputy Political Counselor John W. Crowley, for reasons
1.4 (b) and (d).

11. (C/NF) SUMMARY: With only eight days left before the November 24 federal election, and with a new A.C. Nielsen poll that gives Australian Labor Party (ALP) leader Kevin Rudd an eight-point lead over Prime Minister John Howard's Coalition, the chances that Howard can close the gap look increasingly remote. The Coalition had hoped that the six-week election campaign would erase the steady 8-10 point lead the ALP has maintained in the polls over the past year but it has not happened. The Coalition and Labor campaign launches during November 12 and November 14 neither helped the Coalition nor hurt Labor. Importantly, the ALP looks set to capture at least 20 new seats, four more than the 16 seats it needs to form the next government. The Coalition is continuing its strategy of running strong local campaigns to counter the Rudd juggernaut, but signs are that it is having mixed results at best. A majority of Australians seem to have stopped listening to Howard and decided to go with Rudd. Howard, so long the Coalition's major strength, is now seen as a major liability who has been in office too long. Rumors are circulating that Howard is saving a major announcement for next week. If he delivers a blockbuster, and the polls close the gap to six points, there may be a glimmer of hope the Liberal/National Coalition can just hang on, but the odds don't favor it. END SUMMARY

EYES TURN TO QUEENSLAND

12. (C/NF) With both parties' official campaign launches occurring in Brisbane this week (refs A and B), Howard and Rudd targeted the key battleground state of Queensland. Along with South Australia, Queensland has been the ALP's worst performing state during the Howard era. The ALP only holds six of 29 seats in that state. However, with Rudd a native Queenslander and the voters in the mood for a change, ALP strategists are aiming to win at least six extra seats (which gets them almost halfway to the 16 they need for a parliamentary majority). What makes the battle in Queensland interesting is that only three Coalition seats - Bonner, Moreton, and Blair - fall under the generally accepted marginal seat threshold of six percent. The ALP will almost certainly win these seats but Labor strategists also believe there are seven other Coalition seats which are more vulnerable than they appear. The ALP should win at least half. Seats being targeted are Bowman, Longman, Petrie, and Ryan in greater Brisbane, and Flynn, Herbert, and Leichardt further up the Queensland coast.

THE POLLS STILL FAVOR RUDD

13. (SBU) As has been the case virtually all year, the polls show the ALP with an 8-10 point lead on the two-party preferred vote. A Newspoll conducted November 9-11 showed the ALP increasing its lead on the two party preferred from

53-47 to 55-45. A Nielsen Poll conducted November 12-14 has the ALP's lead on the two-party preferred vote decreasing from 55-45 to 54-46, however, the Nielson pollster said that while the Coalition had made up ground since the campaign started, it was "not yet enough to significantly reduce Labor's lead." A Newspoll due next Monday or Tuesday should signal if there is any last-minute momentum.

A 20 SEAT GAIN?

¶4. (C/NF) The ALP needs a net gain of 16 seats to win a parliamentary majority and become the government. The ALP Qparliamentary majority and become the government. The ALP now has 14 seats all but won and has a 50-50 chance in 14 other seats. At this stage, an ALP net gain of around 20 seats appears the most likely scenario. Before the ALP launch in Brisbane, a Labor MP confided to poloff that a net gain of around 20 seats was what the ALP was expecting as well. While this would give the ALP a small parliamentary majority, it would be a landslide election victory.

COMMENT: COALITION CAMPAIGN FIZZLES

¶5. (C/NF) Unless Kevin Rudd makes a major blunder (something he has avoided so far), an ALP government will likely be elected on November 24. The Coalition's massive negative advertising campaign against the unions appears to have had little effect. Some in the Coalition still maintain that the ALP's vote is "soft" and that there will be a late swing back to the Coalition but if it were to have happened, some signs should have emerged in the polls by now. The Coalition is struggling to sell a message as to why it should remain in

office after over 11 years in power. This has been exacerbated by an advertising campaign that has been negative and has not sold its campaign promises, many of which have considerable merit. The Coalition's education tax rebate and housing affordability measures, announced at its launch (ref A) are areas of clear policy difference between the Coalition and ALP but there has been no "follow through" by the Coalition. Howard, meanwhile, has lost the support of young people on issues such as workplace relations reforms ("WorkChoices"), Iraq and climate change. WorkChoices and interest rate increases are seen as a betrayal of trust by the lower-middle class "Howard Battler" families who had supported him in the past. His offer to step down midway through a new term if re-elected, intended to address perceptions of stale leadership, backfired badly. The main factor that appears to have sealed Howard's fate, however, is voter sentiment that "it's time" for a change. We have heard rumors from several sources that Howard is saving a blockbuster announcement for the last week. If next week's Newspoll has the Coalition closing the gap to at least 53-47, there may be a glimmer of hope as some Coalition strategists believe it can scrape over the line with 48 per cent of the two-party preferred vote. At this point however, bettors in Australia have made the ALP strong favorites to cross the line ahead of the Coalition on November 24 and there is no reason to believe they have picked the wrong horse.

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